

Order

Entered: January 22, 2003

2002-38

Proposed Amendment of Rule 4 of the
Rules Concerning the State Bar of Michigan

Michigan Supreme Court
Lansing, Michigan

Maura D. Corrigan,
Chief Justice

Michael F. Cavanagh
Elizabeth A. Weaver
Marilyn Kelly
Clifford W. Taylor
Robert P. Young, Jr.
Stephen J. Markman,
Justices

On order of the Court, this is to advise that the Court is considering an amendment of Rule 4 of the Rules Concerning the State Bar of Michigan to establish a \$15 annual assessment for the Client Protection Fund, which is administered by the State Bar to reimburse clients whose funds are misappropriated by lawyers to whom they are entrusted. In addition, the Court is considering an increase in the discipline portion of the annual dues payable to the State Bar pursuant to Rule 4. The proposal is to increase the current \$100 assessment that is dedicated to the attorney-discipline system to \$120 in October 2003, and by \$5 each year thereafter until the amount reaches \$140 in October 2007. The Court advises that it has been informed that the Representative Assembly of the State Bar will consider at its meeting on February 22, 2003, whether to ask the Court to make changes in the general dues provisions of Rule 4. The State Bar's possible request for a general dues increase is not the subject of this proposed amendment and is being disclosed merely to provide context so that the members of the State Bar and the public are better able to evaluate this proposal.

The proposal regarding the attorney-discipline system is intended to protect the integrity and the quality of the system, which is responsible for overseeing the conduct of more than 34,000 Michigan lawyers. In recent years, expenses have exceeded revenues by a substantial amount. The proposal regarding the Client Protection Fund reflects a recent sharp increase in claims and a decline in revenue. (For more information about client protection funds nationally, visit www.ncsc.dni.us/CCJ/Ccj.htm and www.abanet.org/cpr/clientpro/contents.html.)

Before determining whether these proposals to increase the dues associated with the attorney-discipline system and the Client Protection Fund should be adopted, changed before adoption, or rejected, this notice is given to afford interested persons the opportunity to comment. The Court welcomes the views of all who wish to address in writing the form or the merits of the proposal or to suggest alternatives. The proposals also will be considered by the Court at a public hearing. Notice of future public hearings will be posted on the Court's website, www.courts.michigan.gov/supremecourt.

Publication of these proposals does not mean that the Court will issue an order on the subject, nor does it imply probable adoption of the proposal in its present form.

[The current rule would be replaced by the following language:]

Rule 4 Membership Dues

- (a) An active member's dues for each fiscal year (October 1 through September 30) are payable at the State Bar's principal office by October 1 of each year. The dues consist of three components: (1) \$15 for the Client Protection Fund administered by the State Bar; (2) an amount to be set annually by the Supreme Court to fund the Attorney Grievance Commission and the Attorney Discipline Board; and (3) an amount to be set by the Supreme Court for other State Bar expenses. Each component shall be separately listed in the dues notice.

- (b) - (e) [Unchanged.]

Staff Comment: The proposed amendment of State Bar Rule 4 would establish a \$15 annual assessment for the Client Protection Fund administered by the State Bar to reimburse clients who are victimized by lawyers who misappropriate funds entrusted to them. This would be in addition to the annual amounts set by the Supreme Court to fund the attorney-discipline system and for other expenses of the State Bar. The Court is considering increasing the amount dedicated to the attorney-discipline system to \$120 in October 2003, and by \$5 each year thereafter until the amount reaches \$140 in October 2007. The Representative Assembly of the State Bar will consider in February 2003 whether to ask the Court to make changes in the general dues provisions of Rule 4.

The staff comment is published only for the benefit of the bench and bar and is not an authoritative construction by the Court.

A copy of this order will be given to the secretary of the State Bar and to the State Court Administrator so that they can make the notifications specified in MCR 1.201. Comments on these proposals may be sent to the Supreme Court Clerk in writing or electronically by May 1, 2003, P.O. Box 30052, Lansing, MI 48909, or MSC_clerk@courts.mi.gov. When filing a comment, please refer to ADM File No. 2002-38.